



[4830-01-p]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-135734-14]

RIN 1545-BL00; RIN 1545-BN30

Partial Withdrawal of Proposed Application of Section 367 to a Section 351 Exchange Resulting From a Transaction Described in Section 304(a)(1); Partial Withdrawal of Proposed Guidance for Determining Stock Ownership

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Partial withdrawal of notice of proposed rulemaking.

SUMMARY: This document withdraws portions of a notice of proposed rulemaking published in the **Federal Register** on February 11, 2009. The withdrawn portions relate to the application of section 367(b) to transactions described in section 304(a)(1). This document also withdraws portions of a notice of proposed rulemaking published in the **Federal Register** on January 17, 2014. The withdrawn portions relate to the identification of certain stock of a foreign corporation that is disregarded in calculating ownership of the foreign corporation for purposes of determining whether it is a surrogate foreign corporation for purposes of section 7874.

DATES: As of **[INSERT DATE OF PUBLICATION OF THIS DOCUMENT IN THE FEDERAL REGISTER]**, portions of proposed rules (REG-147636-08 and REG-121534-12) published in the **Federal Register** on February 11, 2009 (74 FR 6840) and January 17, 2014 (79 FR 3145) are withdrawn.

FOR FURTHER INFORMATION CONTACT: Shane M. McCarrick or David A. Levine, (202) 317-6937.

SUPPLEMENTARY INFORMATION:

Background

On February 11, 2009, the Department of Treasury (Treasury Department) and the IRS published in the **Federal Register** proposed regulations (REG-147636-08, 74 FR 6840), including §1.367(b)-4(e), (f), and (g), which provide guidance on the application of section 367(b) to transactions described in section 304(a)(1). The regulations were proposed by cross-reference to temporary regulations in §1.367(b)-4T in the same issue of the **Federal Register** (T.D. 9444, 74 FR 6824). This document withdraws these proposed regulations because the rules in the proposed regulations do not reflect current law. See Notice 2012-15, 2012-9 I.R.B. 424 (revising the approach under the proposed regulations regarding the interaction of sections 367 and 304 and providing that section 367(a) and (b) apply fully to certain transactions described in section 304(a)(1)). In the Rules and Regulations section of this issue of the **Federal Register**, the Treasury Department and the IRS are issuing additional temporary regulations in §1.367(b)-4T(e), (f), and (g), as well as (h), that, in the case of certain exchanges, generally require an inclusion of amounts in income as a deemed dividend or recognition of realized gain that is not otherwise recognized, or both. Accordingly, the Treasury Department and the IRS are issuing a notice of proposed rulemaking in the Proposed Rules section of this issue of the **Federal Register** that proposes new rules in §1.367(b)-4T by cross-reference to the temporary regulations.

On January 17, 2014, the Treasury Department and the IRS published in the **Federal Register** proposed regulations (REG-121534-12, 79 FR 3145), including in §1.7874-4, that provide that certain stock of a foreign corporation is disregarded in calculating ownership of the foreign corporation for purposes of determining whether it is a surrogate foreign corporation for purposes of section 7874. The regulations were proposed by cross-reference to temporary regulations in §1.7874-4T in the same issue of the **Federal Register** (T.D. 9654, 79 FR 3094). In the Rules and Regulations section of this issue of the **Federal Register**, the Treasury Department and the IRS are amending certain of the temporary regulations in §1.7874-4T. Accordingly, the Treasury Department and the IRS are issuing a notice of proposed rulemaking in the Proposed Rules section of this issue of the **Federal Register** that proposes rules in §1.7874-4 by cross-reference to the amended temporary regulations. This document withdraws the previously proposed regulations that are replaced by the notice of proposed rulemaking in the Proposed Rules section of this issue of the **Federal Register**.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Partial Withdrawal of a Notice of Proposed Rulemaking

Accordingly, under the authority of 26 U.S.C. 7805, §1.367(b)-4(e), (f), and (g) of the notice of proposed rulemaking (REG-147636-08) published in the **Federal Register** on February 11, 2009 (74 FR 6840) are withdrawn. Also, under the authority of 26 U.S.C. 7805, §1.7874-4(c)(1)(i), (c)(1)(ii)(B), (c)(2), (d)(1)(i), (d)(1)(ii), (h), (i)(6), (i)(7)(iii)(C), (i)(7)(iv), (j)(7), (j)(8), and (k)(1), as well as paragraph (ii) of

Example 1, paragraph (ii) of Example 2, and Example 3 through Example 8 of §1.7874-4(j), of the notice of proposed rulemaking (REG-121534-12) published in the **Federal Register** on January 17, 2014 (79 FR 3145) are withdrawn.

John Dalrymple,

Deputy Commissioner for Services and Enforcement.

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